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SUBJECT: DEFENSE MINISTER KASICKY RESIGNS

Classified By: Ambassador Vincent Obsitnik for Reasons 1.4 b and d

¶1. (C) Summary. At a 10:00 AM Press Conference on January 25, Prime Minister Fico - with Defense Minister Frantisek Kasicky by his side - announced he would accept his Minister's resignation. The proximate cause was revelations of grossly inflated tenders for services beginning on January

¶17. Post has heard steady criticism of Kasicky's management from within MoD, however, and recently rumors have floated that Fico might be seeking a new place for him outside the Cabinet. There is no public evidence that Kasicky was involved in the apparent wrongdoing, but in an atmosphere where Fico removed the Agriculture Minister (from his coalition ally HZDS Party), the PM felt the tactical need to throw one of his own overboard, given the publicity. Fico will likely benefit from this move, which gives credence to his often repeated promise to act decisively against corruption within his government. We do not expect any significant defense policy changes as a result of the resignation. End Summary.

¶2. (U) After the first revelation of a tender for snow clearing that would have cost 1 billion SKK (\$42.7 million) annually, three similarly inflated tenders for barracks maintenance and grass cutting came to light in short order. The value of the tenders was exceedingly high (together 4 billion SKK -- \$171 million) and clearly out of step with the cost of prior, similar contracts. In response to the reports, Minister Kasicky fired the head of MOD's Real Estate Administration office, Vladimir Vasko, on January 22, stating that the ministry's internal inspector would investigate the questionable procurements. The media's interest did not dim with these announcements, and it continued to press for more information, including on the identity of the bidders. MOD reportedly resisted -- further stoking suspicions -- saying that the release of the names would harm the investigation.

¶3. (C) PM Fico wasted little time implementing -- this time at the expense of a Smer loyalist -- his promise to hold Ministers directly responsible for malfeasance and corruption in their ministries. (Comment: The swiftness of Fico's move suggests the seriousness of the malfeasance. Kasicky may not have known about it, but his reputation as a micro-manager would make it hard for Kasicky to defend himself, and the opposition was already calling for a confidence debate on him in parliament. End comment.) On January 23, Former Justice Minister Daniel Lipsic (KDH) called for an extraordinary session in parliament to discuss a no-confidence motion against Kasicky. Lipsic, who took strong steps against

corruption during his time at Justice, argued that this latest scandal was one too many. (Note: Last August, an MOD munitions warehouse exploded killing 8 people. Subsequent investigations revealed lax management by MOD and numerous safety violations had contributed to the tragedy. At the time, Kasicky offered his resignation, but PM Fico did not accept it. In September, the press revealed that an early Smer financier had been awarded lucrative contracts for construction projects, including a 1 billion SKK contract for which there had been no announcement of a public tender. End note.) Although Kasicky responded to the growing pressure by suggesting that additional firings would likely be forthcoming, MOD contacts told us the decision was made on the evening of January 24 that Kasicky would have to go.

14. (C) Although Embassy officers have heard rumblings of a possible change of leadership at MOD in the past, they were never linked to reports that Fico was dissatisfied with Kasicky's performance, but rather that he might be headed for a more prestigious post. While Kasicky's departure could have a salutary effect on a beleaguered ministry (and could open the way for better MOD-DOD relations) PM Fico is the real protagonist in this episode, which confirms the extent of his single-mindedness when it comes to preserving his popularity and the image of his party. It is also a superb tactical move that plays into the current battle between Fico and the opposition: despite the opposition's claims to the contrary, Fico's commitment to rooting out corruption, having been extended to one of those closest to him, now will be hard to question.

5.(C) Fico said at the press conference that he appreciated Kasicky's good work at the Ministry and his experience in the military field, but that under the circumstances Kasicky understood he had to go. The Prime Minister indicated he would seek ways to continue working with Kasicky, particularly on security issues, but added that the first priority must be the welfare of the Ministry. After the announcement, embaffs spoke to MOD contacts, who indicated that the hastily taken decision had come as a surprise to them.

16. (SBU) Kasicky will remain Minister of Defense until his resignation is accepted by the President. Fico told diplomats at a reception January 25 that a replacement would not be named immediately, as President Gasparovic would not confirm the resignation for another week. MOD officials told the DATT that Kasicky is scheduled to meet the President on Wednesday January 30 at 9:00 AM. Given the strong cooperation between the President and Smer, there is no reason to doubt that the resignation will be confirmed. We suspect that Fico decided who the successor would be before he accepted Kasicky's resignation.

17. (C) Comment: PM Fico accomplished at least one and possibly two goals by accepting (forcing) Kasicky's resignation. Firstly, he has cemented his "zero tolerance" image on corruption, thus depriving the opposition of one of its key motifs. Secondly, some argue that the scandal may have provided the perfect opportunity to enact a move that some say had already been contemplated: the replacement of Kasicky by Interior Minister Kalinak and Kasicky's subsequent move to Chief of the Slovak Military Intelligence Service. According to some sources, the PM wants to minimize Kalinak's profile -- a move to MOD would accomplish that aim -- for two reasons: 1) Kalinak is seen as a potential competitor; and 2) Kalinak has been tarred by the lingering Hedviga Malinova case. However, we are still skeptical of such a move. Meanwhile, SMIS is a perfect fit for Kasicky, whose background is in military intelligence and whose loyalty to the Prime Minister is said to be unstinting. End Comment.

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